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National and organisational culture as influences on the psychological contract: a Saudi Arabia comparative study

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Rationale for the research:

The psychological contract is a valuable construct through which to examine the employment relationship (D. Rousseau, 1995), and broadly relates to employees' beliefs about the exchange obligations between employees and their organisation (Conway & Briner, 2005). In contrast to the formal employment contract, the psychological contract is *'inherently perceptual, and therefore one party's interpretation of the terms and conditions of the obligations within the contract may not be shared by the other'* (D. M. Rousseau, 1995). Existing research has investigated (i) the process through which psychological contracts are formed and changed (Parks & Schmedemann, 1994); (ii) the content of the psychological contracts (S.L. Robinson, Kraatz, & Rousseau, 1994) and (iii) perceived violations or breaches of the psychological contract and the implications of this (Morrison & Robinson, 1997). Interestingly, there appears to be no empirical research that has focused on the influence of broad national socio-cultural factors, which could potentially affect a repatriate's perceptual evaluation of fulfilment or breach of the psychological contract following an international assignment. Existing research shares a common limitation that the psychological contract is a highly individual, cognitive construct, which can be analysed without regard for socio-cultural factors. Here, this research argue that these influences cannot be ignored when considering many global organisations' increasing strategic emphasis on developing an international tranche of management as well as the detrimental consequences that often ensue in terms of management turnover when repatriates return to their own country (Stahl, Chua, Caligiuri, Cerdin, & Taniguchi, 2009). This research therefore specifically explores repatriates' perceptions of their psychological contract when they return to Saudi Arabia. Exploring the effects of international assignments and the repatriation process on repatriates' psychological contract in a Saudi Arabian context is, highly novel, both because of the importance of international assignments for the country and the significant cultural differences that exist in Saudis' organisations compared to Western

contexts. These differences are likely to play a role in shaping the way in which expectations and obligations that constitute the psychological contract are formed, and may have effects when repatriates who have been exposed to Western cultures, return home. The overall research aim was, therefore, to identify aspects of the expatriation and repatriation process that were shaped by national and/or organisational culture, which could impact repatriates' perception of their psychological contract upon their return.

Method:

The majority of empirical research in this field has been dominated by cross-sectional questionnaire surveys, which measure either the content of the psychological contract (Guest, 2000), breaches of the psychological contract (J. Kickul, Lester, & Finkl, 2002), and outcome of violations of the psychological contract (Coyle-Shapiro & Kessler, 2000). In Conway and Briner (2005) evaluation of theory and research on the psychological contract, they highlighted that 90% of empirical studies in this field utilise surveys. Whilst these studies provide a considerable contribution, they argue that the reciprocal exchange aspects of the psychological contract are far too complex and cannot be sufficiently understood through survey data. Consequently, there has been a call for the use of different methods. This research responds to this by adopting a robust qualitative research method. The data were gathered using multiple methods, including interviews, non-participant observations and analyses of organisational documents. The findings reported in the thesis draw upon 60 semi-structured interviews with employees who had been repatriated within the previous 12 months, and 14 interviews with Human Resource (HR) managers in the two organisations, triangulated with extensive documentary analysis and observations. The two organisations selected for this study is a Saudi Arabian organisations that operate subsidiaries throughout the world. For confidentiality's sake, the organization are named as Saudi-Co and Chemo-Co.

Findings and contributions:

In the context of two different Saudi Arabia organisations, the research highlighted the moderating role that organisational culture plays in the way in which employees come to understand the mutual expectations and obligations that comprise the psychological contract prior and post international assignment. Repatriates' understanding of the effect of the international assignment on their career and the way in which they expect to be treated upon repatriation was evidently moderated by the organisational culture of each firm. Each organisation fostered quite distinctive beliefs about the way international assignments should be managed, repatriation, and work relationships, which influenced employees' perceptions of whether their psychological contract had been fulfilled or breached post-international assignment. Figure 1 offers a schematic representation of these dynamics.

INSERT FIGURE 1 HERE

Figure 1 shows the moderating role that organisational culture plays in the way in which employees come to understand the mutual expectations and obligations that comprise the psychological contract. Repatriates' understanding of the effect of the international assignment on their career and the way in which they expect to be treated upon repatriation was evidently moderated by the organisational culture of each firm. Each organisation fostered quite distinctive beliefs about the way international assignments should be managed, repatriation, and work relationships, which influenced employees' perceptions of whether their psychological contract had been fulfilled or breached post-international assignment.

In Oil-Co, where employees have to rely largely on implicit understandings of expectations and obligations, upon repatriation, employees begin to identify differences between espoused values and the organisational practices which were clearly rooted in the Saudi national culture. What was claimed was not fully consistent with what was experienced. On the one hand, the espoused values promoted the idea that Oil-Co was 'Western', 'modern' and 'professional', which meant that the majority of the interviewees had assumed that progressive HR practices were embedded in this organisation. On the other hand, they shared a common belief around the predominance of wasta, which is a form of nepotism and highly conservative aspect of Saudi culture, and its effect on the organisation's practices. When repatriates perceived this gap between enacted values and those espoused by management, they started to question the largely informal policies and practices that demonstrated that wasta predominated in terms of career progression, which had been implicitly taken for granted prior to assignment.

In line with the previous literature (Argyris & Schon, 1974; Howell, Kirk-Brown, & Cooper, 2012), this research argues that the realisation of the mismatch between organisational 'espoused values' and 'enacted values' had negative consequences for both the organisation and employees. Research (Buch & Wetzel, 2001; Proost, van Ruysseveldt, & van Dijke, 2012) has also highlighted that realisation of the disparity between initial perceptions of organisational culture and reality can cause a variety of negative consequences in relation to the employment relationship, such as lack of commitment, demotivation and frustration. Moreover, the literature argues that the realisation of this discrepancy can be manifest in employee turnover (Schneider, 1987). However, the literature has not considered the possible influence of this mismatch on the psychological contract. This research has illustrated that the incongruity in expectations between espoused values and basic assumptions had an adverse impact on employees' psychological contract in Oil-Co, leading to perceptions that a breach of the psychological contract had occurred.

Prior empirical research findings (Conway & Briner, 2002; Sandra L Robinson, 1996), have shown that psychological contract breach has various negative consequences on work behaviours. In particular, Chiu and Peng (2008) argue that breach of the psychological contract causes employees to feel frustrated or dissatisfied, and to develop a cynical view of managers, and to experience cognitive dissonance. Cognitive dissonance theory suggests that individuals are driven to eliminate or at least reduce the imbalance (Festinger, 1962). To reduce this and achieve consonance, the employee is motivated to change his/her attitude or behaviour (Festinger, 1962). In addition, employees are most likely reduce their positive contribution to the organisation (Uhl-Bien & Maslyn, 2003) or display negative behaviours such as withdrawal behaviour (Chiu & Peng, 2008). In some cases the tension created by dissonance motivates individuals to either change their values and opinions or leave the organisation in an attempt to reduce dissonance (Maertz Jr, Hassan, & Magnusson, 2009). Participants from Oil-Co chose one of two actions. Some repatriates expected that their situation would eventually improve and decided to wait to see if this occurred. Those who decided to wait also indicated that there were very few other practical options available in the country. This was because, regardless of the rhetoric, Oil-Co was relatively less tradition-bound, and offered something similar to Western working lifestyles. These repatriates believed, therefore, that working at Oil-Co remained a relatively good option. However it is also important to highlight that those who decided to stay indicated that they had changed their working attitude with some of them stating that they did *"just enough"* to make it through the working hours, and they did not show any initiative as they recognized that wasta was more relevant for career success.

In Chemo-Co employees had explicit expectations and obligations, which had been shaped by the organisational values and assumptions that placed an emphasis on rules and regulations. Prior to, and upon repatriation employees therefore perceived consonance between organisational espoused values and values in practice. Unlike Oil-Co, there seems to be

congruence between the norms, espoused values and the basic assumptions shared within the organisation. Previous literature (Ostroff, Kinicki, & Tamkins, 2003; Schein, 1985) argues that when an organisation's espoused values are relatively consistent with the organisation's enacted values, this can brings employees together and in so doing organisational culture is reinforced in a virtuous circle. This congruence between the enacted and espoused values also leads to harmony between organisation's culture and patterns of individual values (i.e., what an individual values in an organisation). Moreover previous literature (Hoffman & Woehr, 2006; Piasentin & Chapman, 2006) that has examined employees' perceptions of the organisation's enacted values and organisational outcomes and demonstrated that when there is congruence between espoused and enacted values then job satisfaction, organisational commitment, attendance, performance, citizenship and retention are all relatively high.

In particular, Finegan's (2000) empirical research has highlighted what she sees as the silent role organisational values (espoused or enacted) play in organisational affective commitment. Meir and Hasson (1982) also argue that when individuals' values and priorities match those of an organisation, individuals are more likely to stay with that organisation. Although theories of person-organisation fit have been developed, no research has focused on the possible effect of congruence between patterns of organisational values and patterns of individual values specifically in relation to the psychological contract, however clearly there are implicit links. The finding here therefore contribute to the psychological contract literature. In this research it was evident that employee's perceptions of levels of consonance between the organisational espoused and enacted values led to perceived fulfilment of the psychological contract upon repatriation, which, in turn, appeared to have fostered high commitment among employees (in Chemo-Co). Organisational values affect and guide employees in terms of understanding the conditions of the employment relationship and this was demonstrated by the fact that the vast

majority of those interviewed in Chemo-Co stated that they had a strong intention to remain in the organisation for the rest of their careers.

Research in the field tends to conceptualise the breach or fulfilment of the psychological contract at the individual level without taking into consideration the potential impact of organisational culture and the broader national culture context on the development of perceptual breach or fulfilment (Coyle-Shapiro & Kessler, 2000; Tekleab, Takeuchi, & Taylor, 2005). A few studies have examined the influence of a national context on the breach of the psychological contract. These include: Lo and Aryee (2003), who examined the breach of the psychological contract in China; and Jill Kickul, Lester, and Belgio (2004), who compared the United States and Hong Kong in terms of the outcomes of psychological contract breach. While this research has made important contributions to our understanding of the development of breaches of the psychological contract, these studies have attempted to generalise and offered specific causal relationships between variables to identify those that might lead perceptions of psychological contract violation, breach, or fulfilment. The findings presented here demonstrate that employees' perceptions of breach or fulfilment of their psychological contract following repatriation arise and are influenced by a complex and dynamic interplay between national culture, organisational culture, and individual's expectations and perceived obligations. Specifically, the research argues that incongruence between organisational culture and practices leads to development of perceptions of breach, and alternatively, congruence between organisational culture and practices leads to perceptions of fulfilment of the psychological contract, following repatriation. These perceptions, in turn, are shaped by a wider range of organisational and socio-cultural features.

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Figure 1: A schematic representation of the moderating role of organisational culture on shaping the psychological contract